

**ASSOCIATION of
GOVERNMENTS**

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San Bernardino County: Gary Ovitt, San Bernardino County • Lawrence Dale, Barstow • Paul Eaton, Montclair • Lee Ann Garcia, Grand Terrace • Tim Jasper, Town of Apple Valley • Larry McCallion, Highland • Deborah Robertson, Rialto • Alan Wapner, Ontario

Tribal Government Representative: Andrew Masiel Sr., Pechanga Band of Luiseno Indians

Ventura County: Linda Parks, Ventura County • Glen Becerra, Simi Valley • Carl Morehouse, San Buenaventura • Toni Young, Port Hueneme

Orange County Transportation Authority: Art Brown, Buena Park

Riverside County Transportation Commission: Robin Lowe, Hemet

Ventura County Transportation Commission: Keith Millhouse, Moorpark

MEETING OF THE

EXECUTIVE COMMITTEE

NOTE NEW MEETING TIME

Thursday, August 2, 2007

12:00 noon – 2:30 p.m.

SCAG Offices

**818 West 7th Street, 12th Floor
Riverside Conference Room B
Los Angeles, CA 9001
213.236.1800**

If members of the public wish to review the attachments or have any questions on any of the agenda items, please contact Shelia Stewart at 213.236.1868 or stewart@scag.ca.gov

Agendas and Minutes for the Executive Committee are also available at:

www.scag.ca.gov/committees/rc.htm

SCAG, in accordance with the Americans with Disabilities Act (ADA), will accommodate persons who require a modification of accommodation in order to participate in this meeting. If you require such assistance, please contact SCAG at (213) 236-1868 at least 72 hours in advance of the meeting to enable SCAG to make reasonable arrangements. To request documents related to this document in an alternative format, please contact (213) 236-1868.

Southern California Association of Governments Executive Committee Roster

August 2007

Hon. Gary Ovitt, San Bernardino County,	President
Hon. Richard Dixon, Lake Forest	1 st Vice President
Hon. Harry Baldwin, San Gabriel	2 nd Vice President
Hon. Yvonne B. Burke, L.A. County	Immediate Past President
Hon. Jon Edney, El Centro	Chair, CEHD
Hon. Debbie Cook, Huntington Beach	Chair, EEC
Hon. Ron Loveridge, Riverside	Chair, Administration
Hon. Alan Wapner, Ontario	Chair, TCC

EXECUTIVE COMMITTEE

AGENDA

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TIME

“Any item listed on the agenda (action or information) may be acted upon at the discretion of the Committee.”

1.0 **CALL TO ORDER**

Hon. Gary
Ovitt, Chair

2.0 **PUBLIC COMMENT PERIOD**

3.0 **DISCUSSION/ACTION ITEMS**

3.1 **Approval Items**

3.1.1 Minutes of July 11, 2007
Meeting Attachment

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3.1.2 AQMP Update

Mark Pisano/
Hasan Ikhrata

3.1.3 SCAG/Board Consultant
for the President/Executive
Committee

Supervisor
Ovitt

3.1.4 Merit Pay Program
Attachment

Debbie Dillon
Manager HR

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3.1.5 Update on Executive
Search

Ralph Anderson
& Associates

3.1.6 Contract Amendment for
General Counsel Services

Joann Africa
Interim Chief
Counsel

3.1.7 Contract Manual
Amendment

Wayne Moore
CFO

3.1.8 Bottled Water Discussion

Supervisor Ovitt



EXECUTIVE COMMITTEE

AGENDA

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TIME

4.0 PRESIDENT'S REPORT

- 4.1 Meeting with Senator Barbara Boxer
- 4.2 Update regarding Force-For-Change Committee

5.0 EXECUTIVE DIRECTOR'S REPORT

6.0 CLOSED SESSION ITEMS

- 6.1 Public Employee Performance Evaluation (Government §54957) Title: Executive Director
- 6.2 Conference with Legal Counsel - Anticipated Litigation (Significant exposure to litigation pursuant to Government Code Section 54956.9 (b) One potential case

7.0 ADJOURNMENT

The next meeting of the Executive Committee will be held on August 30, 2007 at SCAG offices in downtown Los Angeles.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
EXECUTIVE COMMITTEE
July 11, 2007**

MINUTES

THE FOLLOWING MINUTES ARE A SUMMARY OF ACTIONS TAKEN BY THE EXECUTIVE COMMITTEE. AUDIO CASSETTE TAPE OF THE ACTUAL MEETING IS AVAILABLE FOR LISTENING IN SCAG'S OFFICE.

The Executive Committee of the Southern California Association of Governments held its meeting at SCAG offices in downtown Los Angeles. There was a quorum.

Committee Members Present

Supervisor Gary Ovitt	President
Supervisor Yvonne Burke	Immediate Past President
Councilmember Richard Dixon	1 st Vice President
Councilmember Harry Baldwin	2 nd Vice President
Councilmember Jon Edney	Chair, CEHD
Councilmember Dennis Washburn	Chair, EEC
Councilmember Alan Wapner	Chair, TCC
Supervisor Ron Loveridge	Chair, Administration

Staff Present

Hasan Ikhata, Director, Planning & Policy
Wayne Moore, Chief Financial Officer
Keith Killough, Director, Information Services
Joann Africa, Interim Chief Counsel
Colin Lennard, General Counsel
Shelia Stewart, Executive Assistant

1.0 CALL TO ORDER

The meeting was called to order by President Ovitt.

2.0 PUBLIC COMMENT PERIOD

There were no comments.

3.0 CLOSED SESSION

Colin Lennard, General Counsel, announced that pursuant to the applicable provisions of the Government Code the Executive Committee would enter into closed session. Motion was made (Baldwin) to enter into closed session. Motion was seconded (WAPNER) and UNANIMOUSLY APPROVED.

- Public Employment (Government §54957)
Title: Executive Director (Selection of Recruiting Firm)

Debbie Dillon, Manager, Human Resources, presented instructions to the Executive Committee on the process for selecting a recruiting firm to conduct the search for the position of Executive Director. Interviews were conducted and thereafter, the Executive Committee gave direction to the staff regarding selection of the firm.

- Public Employee Performance Evaluation (Government §54957)Title: Executive Director

Direction was provided to staff regarding the Performance Evaluation of the Executive Director. No final action taken

- Conference with Real Property Negotiator (Govt. Code §54956.8) Agency Negotiators: Mark Pisano, Jim Gosnell, Keith Killough, and Wayne Moore. Subject Property: 818 West Seventh Street Offices Terms under Negotiation: Terms of Lease

Staff provided an update regarding negotiations. Direction was provided by the Executive Committee. No final action taken.

- Conference with Legal Counsel – Existing Litigation (Govt. Code §54956.9(a))
Name of case: City of La Mirada v. SCAG

Staff provided the Executive Committee with an update regarding litigation. No final action taken.

- Conference with Legal Counsel - Anticipated Litigation (Significant exposure to litigation pursuant to Government Code Section §54956.9 (b)) One potential case

Staff provided the Executive Committee regarding possible anticipated litigation. No final action taken.

The Executive Committee reconvened at approximately 5:15 p.m.

4.0 DISCUSSION/ACTION ITEMS

4.1 Approval Items

4.1.1 Minutes of June 7, 2007 Meeting and Minutes of June 8, 2007 Meeting

Motion was made (Baldwin) to approve the minutes. Motion was seconded (Wapner) and UNANIMOUSLY APPROVED.

4.1.2 Regional Council Policy Manual

Councilmember Edney stated that the current policy allows \$120.00 for Regional Council members attending meetings and \$70.00 for non-Regional Council members serving on policy committees and task forces.

Motion was made (Edney) to amend the policy increasing the stipend amount to \$120.00 for non-Regional Council members. Motion was seconded (Wapner) and UNANIMOUSLY APPROVED.

4.1.3 AQMP Update

Hasan Ikhata, Director, Planning & Policy announced that a workshop on Goods Movement Control Measures will be held on Thursday, August 2, 2007 from 9:00 a.m – 12:00 noon. Executive Committee members were encouraged to participate.

5.0 PRESIDENT'S REPORT

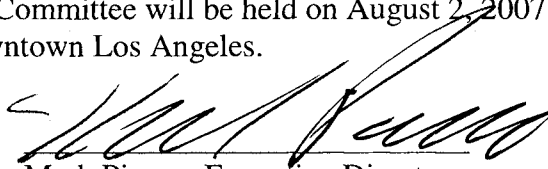
There was no report.

6.0 EXECUTIVE DIRECTOR'S REPORT

The report of the Executive Director was emailed to the Regional Council. No oral report was presented.

7.0 ADJOURNMENT

The next meeting of the Executive Committee will be held on August 2, 2007 at 12:00 noon at SCAG offices in downtown Los Angeles.



Mark Pisano, Executive Director

REPORT

DATE: August 2, 2007

TO: Executive Committee

FROM: Debbie Dillon, Human Resources Manager, 213-236-1870
dillon@scag.ca.gov

SUBJECT: Merit Pay Program

EXECUTIVE DIRECTOR'S APPROVAL:



RECOMMENDED ACTIONS:

The Personnel Committee acted on June 21, 2007 to recommend the following actions:

- Approve completion of merit pay pilot status
- Approve 1% increase for each merit pay compensation rating category as follows:
 - Meets Expectations 2-4%
 - Above Expectations 5-7%
 - Excels 8-10%

SUMMARY:

On June 7, 2001, the Regional Council approved recommendations contained in the Compensation study conducted by Personnel Concepts, Inc. One component of that study was the recommendation to implement a Pay for Performance Program. The parameters of that study have been the basis for SCAG's performance evaluation process and compensation planning during the last four and half years.

Policy direction from the Regional Council in 2001 included applying a Pay for Performance Program to all employees in the senior level positions and above. This included executive management, managers, supervisors, leads, and seniors. All other employees were to stay on the current compensation system until a later date. To assist in the implementation of the Pay for Performance Program, a new performance evaluation process was implemented during fiscal year 2002/2003.

In November 2003 the Personnel Committee received a report on the status of the program and information that staff expected to recommend an extension of the program to the rest of the staff in June 2004.

In April 2004 the Personnel Committee received a status report and a staff recommendation to extend the Pay for Performance program to all employees for a two-year pilot period. The Personnel Committee provided input and recommended to the Administration Committee and the Regional Council in May 2004 to extend the two-year pilot program to all staff effective July 2004.

REPORT

The Regional Council approved the Merit Pay two-year pilot program in July 2004 and requested periodic updates.

In July 2004 all employees were evaluated and compensated under the Merit Pay pilot program.

In October 2004, May 2005, October 2005, and October 2006 program status reports were provided to the Personnel Committee.

In December 2006, the Regional Council acted to recommend that the pilot program be extended through July 2007 to allow further refinements to the program.

BACKGROUND:

SCAG staff receives compensation adjustments only through the Merit Pay Program. The percentage increases per rating category, as approved by the Regional Council in 2001, are as follows:

Evaluation Rating	Percentage Adjustment
Excels	7-9%
Above Standards	4-6%
Meets Standards	1-3%
Needs Improvement or Unsatisfactory	0

SCAG staff does not receive cost of living adjustments and they do not receive step increases. The salary ranges may be adjusted annually if they are determined by a salary survey to no longer be at the Regional Council approved level of the 75th percentile. Only those employees that fall below the new bottom of the range are adjusted at the time of a range change. A salary survey is conducted annually to determine if adjustments are necessary. Any suggested changes to the ranges are provided to this committee prior to implementation.

EVALUATION RATING STATISTICS & SALARY ADJUSTMENTS:

The evaluation rating statistics and applicable salary adjustments are listed on the following page. The Excels and Needs Improvement rating categories have remained relatively constant for each year. While the Above Standards category has gradually increased and the Meets Standards category has gradually decreased. This is reflective of the performance of the organization as a whole, in that it has improved in the last four and a half years. Additionally, the quality of staff being hired has improved and employees have a better understanding of performance expectations based on the program.

In July 2003, employees below the senior level were eligible for a 3% or 0% salary adjustment based on the prior evaluation system. In July 2004, all employees became eligible for the Merit Pay program.

REPORT

In all years of the program, employees who are at the top of the salary range received a lump sum equivalent to the percentage that was over the top salary range. Effective in July 2006, these lump sum payments are counted by CalPERS as part of an employee's eligible compensation. This became effective with the lump sum payments in July 2006.

EVALUATION RATING STATISTIC & SALARY ADJUSTMENT TABLE

Evaluation Rating Scale	July 2003 Ratings	July 2003 % Salary Adj.*	July 2004 Ratings	July 2004 % Salary Adj.	July 2005 Ratings	July 2005 % Salary Adj.	July 2006 Ratings	July 2006 % Salary Adj.
Excels	17 or 17%	8%	13 or 13%	7%	11 or 12%	7%	10 or 13%	7%
Above	23 or 22%	5%	31 or 31%	5%	35 or 38%	5%	35 or 44%	5%
Meets Standard	59 or 57%	3%	51 or 51%	3%	43 or 47%	3%	32 or 40%	3%
Needs Improvement	4 or 4%	0	6 or 6%	0	2 or 2%	0	3 or 4%	0
Unsatisfactory	0	0	0	0	0	0	0	0
TOTAL**	103		101		91		80	

* Employees below Senior Level received 3%; all-other employees eligible for more than 3%.

** Excludes Probationary Employees

Average overall salary increase for fiscal years 2002/2003, 2004/2005 and 2005/2006 were 3.64%, 4.3% and 4.10%, respectively.

Performance evaluation and performance management training was provided in November 2004, May 2005, spring 2006 and November 2006 for all management/supervisory employees. The current review cycle is in the final stages of completion this month.

REVIEW PROCESS:

Each staff evaluation is reviewed by the chain of command through the Executive Director and includes review by the Human Resources Manager and the Deputy Executive Director prior to the evaluation being finalized and issued to the employee. The Executive Director, Deputy Executive Director and Human Resources Manager review the evaluation content against the rating to ensure consistency in the rating criteria application to the performance of the individual. This is a rigorous and time consuming process that provides coaching and feedback to the rater on areas that need more substantiation to support the rating given. The rater is informed that they must either provide substantiation with specific examples to support the rating or they must change the rating because it is not justified. Rate inflation is closely managed through this process.

REPORT

We are continually improving the process and continue to refine the linkage between the employee performance agreement, professional development goals, the mission statement, values statement and the rating criteria. We are updating the performance agreement and the performance evaluation forms for FY 07/08 to incorporate the April 2007 SCAG Values Statement and input received from managers and directors. After more than four years of using a standardized evaluation form and process, we are experiencing improvements in the overall performance of the organization and the staff. The rating distribution is a good indicator of the performance of the organization as a whole. We determine the success of the program based on the rating statistics, the content of the written evaluations, and the effectiveness of performance management on improving staff performance.

Starting in July 2008, managers will have the discretion to recommend varying levels of pay within the same rating category for their staff. During the pilot status, we applied a fixed percentage in each rating category for the given level of performance. Now that the program is more sophisticated and the evaluators are more experienced, they will be provided with more discretion in recommending pay. For example, a manager with four employees rated as overall Meets Expectations but whose performance varies within the Meets category can recommend between 2-4% per employee depending on their performance level within the category. During the pilot status, all employees whose performance was rated as Meets Expectations received the same merit payment amount regardless of the level of performance within the Meets category.

CONCLUSION:

We are requesting completion of the pilot status of the program based on the program's effectiveness over the last four and half years and because of the importance of the program. The program greatly enhances the quality and quantity of work and the performance management of the organization. The organization has benefited from implementing the system agency wide and will continue to benefit from the program as it evolves and is continuously improved.

We are requesting an additional 1% for each merit pay compensation rating category based on our experience with salary administration practices. A separate study was conducted by Human Resources to determine methods to improve SCAG's ability to attract and retain employees. This study was covered more thoroughly in the information item on Salary Administration Revisions that was approved at the July 12, 2007 Administration Committee and Regional Council meeting. However, in summary, this is an additional component that will assist SCAG in attracting and retaining high quality employees.

FISCAL IMPACT:


Each year SCAG applies the merit pay amounts within the established range based on the rating distribution and budget availability. It is anticipated that the next round of ratings will follow a similar pattern and that adequate funds are budgeted to cover the requested increase of 1% at the top of each range. SCAG will still retain the discretion to withhold the upper ends of the range if budget is not available to cover the rating distribution.

REPORT

Reviewed
by:


Division Manager

Reviewed
by:


Department Director

Reviewed
by:

Chief Financial Officer